



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

ENERGY

IN THE MATTER OF THE FILINGS OF THE
ELECTRIC AND GAS COMPANIES TO
IMPLEMENT THE TARIFF CHANGES
REQUIRED BY P.L.2006, c.44

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ORDER

DOCKET NO. AT06070502

(SERVICE LIST ATTACHED)

BY THE BOARD¹

On July 8, 2006, P.L. 2006, c.44 ("Sales Tax Act") was approved. The Sales Tax Act increases the Sales and Use Tax ("SUT") from 6% to 7% effective on July 15, 2006 and expands the base for the SUT on October 1, 2006.

On July 14, 2006, Atlantic City Electric Company, Elizabethtown Gas Company, Jersey Central Power & Light Company, New Jersey Natural Gas Company, Public Service Electric & Gas Company, Rockland Electric Company, South Jersey Gas Company, and the Borough of Butler electric utility (collectively the Energy Distribution Utilities, or ("EDUs") made separate filings with the Board regarding the Sales Tax Act. In anticipation of the fact that the Board would not be in a position to act prior to July 15, 2006, the EDUs requested interim Board approval, of the implementation of the Sales Tax Act pending further review of the revised tariff sheets that they submitted with their respective filings.

The EDUs, with the exception of Butler Electric Company, submitted a proposal describing how they would implement the transitional provisions of the increase in the SUT to 7% for the gas and electric service, including commodity/supply, transportation/delivery, and service/customer charges, effective with service rendered on and after July 15, 2006 to the Division of Taxation.

¹Commissioner Joseph L. Fiordaliso did not participate in the vote or deliberation in this matter.

Under the proposal, customer bills that include electric or gas service provided both before and after July 15th would be prorated based on the number of billing days in the billing period before July 15th and the number of days on and after July 15th, unless a customer's bill is derived from actual hourly or daily meter reads. A representative of the New Jersey Division of Taxation confirmed the Division of Taxation's agreement with this method of implementing the Sales Tax Act for these companies. By correspondence dated July 18, 2006, the Borough of Butler advised the Board that they will also prorate customer bills that include electric service provided before and after July 15th based on the number of days in the billing period before July 15th and the number of days on and after July 15th.

In compliance with the requirements of the Sales Tax Act, the EDUs implemented the increased rates effective July 15, 2006.

On July 16, 2006, Atlantic City Electric Company ("ACE") filed with the Board copies of a revised Tariff Sheet 57 and of Tariff Sheet 31 to be included as part of its compliance filing. ACE informed the Board that it had inadvertently omitted Tariff Sheet 31 from its July 14, 2006 filing. In addition, there was an incorrect rate shown on its Tariff Sheet 57 that was filed on July 14, 2006. However, the incorrect rate did not impact any customer billings, as the correct value was included in the Company's billing system.

DISCUSSION AND FINDINGS

The Board has reviewed the filings made by the EDUs in this proceeding. The New Jersey Sales Tax, unlike many other taxes, is a tax upon the sale of goods and services and the law contains provisions that specifically address how sellers must collect this tax from purchasers. Moreover, the Board recognizes that the Sales Tax Act statutorily required the EDUs to implement the increase of the sales tax from 6% to 7% on July 15, 2006. In this regard, it is noted that although there was insufficient time for the EDUs to obtain Board approval prior to implementing the Sales Tax Act, they did seek Board approval prior to implementation. Under the circumstances, given the specific statutory requirement imposed by the Sales Tax Act, it was clearly both appropriate and in accordance with law, for the EDUs to implement the Sales Tax Act on July 15, 2006. Accordingly, the Board HEREBY APPROVES the proposed tariffs, effective July 15, 2006 on an interim basis pending further review by Staff of the revised tariff sheets. The Board DIRECTS Staff to review the filed tariff pages and AUTHORIZES Staff to continue working with the EDUs to ensure that the filed tariffs properly reflect the Sales Tax Act. In as much of the acceptance of the final tariffs shall involve the application of a mathematical formula, we AUTHORIZE staff to approve final tariffs upon completion of its review.

Nothing in this Board Order shall be deemed as authorization for the utilities to implement future rate increases without prior Board approval for increases they may incur in any of their expenses including those related to other government mandated expenses or taxes.

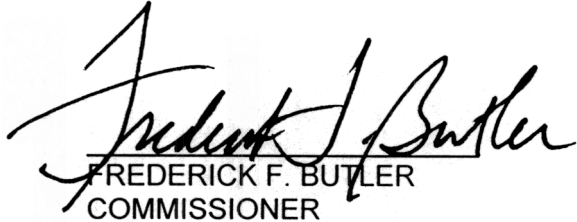
Although it should be clear, the Board emphasizes that the EDUs are responsible for ensuring that the amount of sales taxes that they collect from their customers is both the amount that is owed to the State pursuant to the Sales Tax Act and the amount that is actually paid to the State. In no event shall the utilities collect more from their customers for SUT than is actually paid to the State.

DATED: 7/21/06

BOARD OF PUBLIC UTILITIES
BY:




JEANNE M. FOX
PRESIDENT



FREDERICK F. BUTLER
COMMISSIONER



CONNIE O. HUGHES
COMMISSIONER



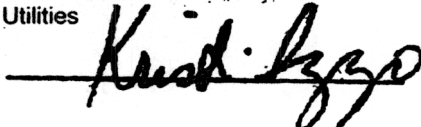
CHRISTINE V. BATOR
COMMISSIONER

ATTEST:



KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities



**I/M/O The Filings of the Electric and Gas Utilities to Implement the Tariff Changes
Required by P.L. 2006, c.44 signed into law July 8, 2006
Docket No. AT06070502**

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